

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 IO-13 AID-05 CIAE-00 COME-00 EB-08

FRB-01 INR-07 NSAE-00 TRSE-00 XMB-04 OPIC-06

SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 PM-04 H-02 L-03 PA-02 PRS-01 NSCE-00

SSO-00 USIE-00 INRE-00 OIC-02 AGRE-00 ITC-01

OES-06 DOTE-00 /109 W

-----290108Z 037724 /12

O 282231Z APR 77

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC NIACT IMMEDIATE 5773

USUN IMMEDIATE 542

UNCLAS SECTION 1 OF 2 GUATEMAPA 2608

E.O. 11652: N/A

TAGS: EGEN ECLA GT

SUBJECT: ECLA: 17TH SESSION: PROPOSED US STATEMENT

1. US DELEGATION BELIEVES IT WOULD BE DESIRABLE TO SUBMIT STATEMENT OF US VIEWS TO ACCOMPANY CEGAN DOCUMENT (E/CEPAL/1025) WHEN IT IS TRANSMITTED TO ECOSOC. DOCUMENT 1025 IS CLEARLY IDENTIFIED AS VIEWS OF DEVELOPING COUNTRY MEMBERS. TEXT OF US COMMENT THAT WE PROPOSE (PARA 3 BELOW) WOULD RECORD DISTANCE BETWEEN US AND CEGAN VIEWS ON KEY POINTS WHILE ACCEPTING 1025 AS STATEMENT OF LATIN AMERICAN VIEWS. TEXT IS BASED ON POSITION PAPERS AND PRESIDENT'S UN AND OAS SPEECHES AND LARGELY REFLECTS STATEMENTS MADE BY US DELEGATION AT CURRENT MEETING.

2. REQUEST DEPARTMENT'S AMENDMENTS AND APPROVAL BY COB MONDAY, MAY 2, FOR TIMELY INCLUSION IN REPORT OF MEETING.

3. BEGIN TEXT.

THE US REGARDED THE 17TH SESSION OF ECLA AS A VALUABLE
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ELEMENT IN THE IMPORTANT PROCESS OF CONSULTATIONS BETWEEN THE LATIN AMERICAN AND DEVELOPED-COUNTRY MEMBERS ON THE IMPORTANT ECONOMIC ISSUES OF MUTUAL CONCERN. THOSE ISSUES ARE VERY LARGELY THE SUBJECTS OF GLOBAL NEGOTIATIONS, IN CIEC, THE UN, THE MTN AND OTHER FORUMS. PRESIDENT CARTER IN HIS SPEECH TO THE OAS ON APRIL 14 MADE CLEAR THE IMPORTANCE TO THE US OF CONSULTATIONS WITH LATIN AMERICA ON THESE SUBJECTS. HE PAID

PARTICULAR TRXBUTE TO THE LEADERSHIP ROLE OF LATIN AMERICA IN THOSE GLOBAL FORUMS AND TO ECLA AS THE SOURCE OF MANY CREATIVE IDEAS ON DEVELOPMENT. HE TOOK SPECIAL NOTE OF THE CONTRIBUTIONS OF THE FORMER ECLA EXECUTIVE SECRETARY, RAUL PREBISCH, WHO MADE UNCTAD INTO AN IMPORTANT FORUM.

THE US REGARDS THE PRINCIPAL DOCUMENT CONSIDERED AT THE SESSION, E/CEPAL/1025, AS AN INTERESTING AND USEFUL EXPRESSION OF THE VIEWS OF THE DEVELOPING COUNTRY MEMBERS. THERE WERE POINTS WITH WHICH THE US DISAGREED, OR ON WHICH THE US DID NOT YET HAVE A POSITION; SOME OF THESE ARE DISCUSSED BELOW. AS A GENERAL POINT, THE US DID NOT ACCEPT THAT THE NEW INTERNATIONAL ECONOMIC ORDER AND THE CHARTER OF ECONOMIC RIGHTS AND DUTIES OF STATE, THOUGH THEY TOO ARE USEFUL DOCUMENTS AND CONTAIN MANY POINTS WITH WHICH WE AGREE, CONSTITUTE BINDING OBLIGATIONS. THE US SUPPORTS THE TRANSMITTAL OF THE DOCUMENT TO ECOSOC AS AN EXPRESSION OF DEVELOPING-COUNTRY VIEWS.

THE US DELEGATION CONSIDERED THAT THE SECTION ON THE ECONOMIC AND SOCIAL DEVELOPMENT OF LATIN AMERICA CONTAINED MUCH THAT WAS ILLUMINATING. THE US FULLY AGREES THAT ECONOMIC GROWTH IS NOT AN ADEQUATE GOAL BY ITSELF. ECLA HAS DONE PIONEERING WORK IN RECOGNITION OF THIS FACT. IT IS INTERESTING AND APPROPRIATE THAT THIS SHOULD BE SO; LATIN AMERICA HAS HAD, WITH RESPECT TO MUCH OF THE DEVELOPING WORLD, A HIGHLY EVIABLE RECORD OF GROWTH IN RECENT DECADES. ON THE OTHER HAND, THE SECRETARIEAT HAS POINTED OUT THE NECESSITY OF AN EXTRAORDINARY RATE OF GROWTH IN THE NEXT DECADES FOR LATIN AMERICA TO BE ABLE

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TO COPE WITHITS PROBLEMS OF POPULATION AND EMPLOYMENT. THE US IS IMPRESSED BY THE FORTHRIGHT RECOGNITION IN THE CEGAN DOCUMENT OF THE SOCIAL PROBLEMS THAT FACE LATIN AMERICA. IN PARTIAL RECOGNITION OF THE IMPORTANCE OF INTEGRATED SOCIAL AND ECONOMIC DEVELOPMENT,THE US HAD EMPHASIZED ASSISTANCE TO THE POOREST, ESPECIALLY IN ITS BILATERAL AID PROGRAMS.

THERE ARE, HOWEVER, TWO PARGRAPHS IN THIS SECTION ON WHICH THE US FEELS SPECIAL COMMENTS ARE NECESSARY. FIRST,WITH REFERENCE TO PARAGRAPH 18, THE US AGREES THAT WE SHOULD WORK FOR NEW SYSTEM OF INTERNATIONAL ECONOMIC PROGRESS AND COOPERATION. FOR THAT REASON, WE ARE PARTICIPATING FULLY IN THE VARIOUS GLOBAL NEGOTIATIONS. ECONOMIC INTERDEPENDENCE AMONG NATIONS IS A FACT OF LIFE,IFOR THE US AS WELL AS FOR DEVELOPING COUNTRIES. EACH OF US MUST BASE PARTICIPATION IN THESE NEGOTIATIONS ON OUR OWN INTERESTS, RECOGNIZING - AS THE US RECOGNIZES - THAT THE ECONOMIC HEALTH AND PROSPERITY OF OTHERS- THE LATIN AMERICAN COUNTRIES IN THIS CASE - ARE VERY MUCH IN OUR OWN INTEREST. WE MUST WORK TOGETHER TO FIND WAYS TO

OVERCOME POVERTY IN ALL COUNTRIES.

SECOND, THERE ARE ELEMENTS OF PARAGRAPH 57 THAT THE US DELEGATION MUST DOES NOT BELIEVE ARE CORRECT. THE DELEGATION RECOGNIZED THAT THE PARAGRAPH EXPRESSED THE VIEW OF MANY, BUT IT CONTINUED TO FEEL THAT TRANSNATIONAL ENTERPRISES MAKE A MAJOR CONTRIBUTION TO DEVELOPMENT THROUGH INVESTMENT AND A COMBINATION OF MANAGERIAL EXPERTISE, CAPITAL MANAGEMENT AND TECHNOLOGY. THE DELEGATION RECOGNIZED THAT A NEW DEGREE OF FLEXIBILITY ON THE PART OF ENTERPRISES AND HOST GOVERNMENTS WAS NEEDED, AND IT BELIEVED THAT SUCH A PROCESS HAD BEGUN WITH THE EXISTENCE IN RECENT YEARS OF NEW KINDS OF ARRANGEMENTS RELATING FOREIGN ENTERPRISE WITH DEVELOPING COUNTRIES.

IN THE SECTION ON ECONOMIC DEVELOPMENT AS A WHOLE, THE US SUGGESTS THAT THE REPORT MAY BE MORE NEGATIVE THAN IT SHOULD BE, IF THE STRONG PERFORMANCE OF MOST COMMODITIES
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IMPORTANT TO THE REGION IS FULLY INCLUDED.

THE US HAD SPECIFIC COMMENTS ON A NUMBER OF PARTS OF THE PLAN OF ACTION, INCLUDING THE FOLLOWING:

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ACTION ARA-10

INFO OCT-01 ISO-00 IO-13 AID-05 CIAE-00 COME-00 EB-08
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SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04
CEA-01 PM-04 H-02 L-03 PA-02 PRS-01 NSCE-00
SSO-00 USIE-00 INRE-00 OIC-02 AGRE-00 ITC-01
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TO SECSTATE WASHDC NIAC IMMEDIATE 0000
INFO USUN IMMEDIATE 543

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COMMODITIES: THESUS BELIEVES THE ISSUES CONCERNED REQUIRE THE ESTABLISHMENT OF PRODUCER-CONSUMER FORUMS FOR ALL MAJOR COMMODITIES. IT CONTINUES TO BELIEVE THE RIGIDITIES AND TECHNICAL DIFFICULTIES OF INDEXATION OF COMMODITY PRICES MAKE THAT APPROACH UNDESIRABLE AND IMPRACTICAL, AND IT POINTS TO THE UNCERTAINTIES AS TO WHAT COUNTRIES - DEVELOPED OR DEVELOPING - WOULD BE THE REAL BENEFICIARIES.

MULTILATERAL TRADE NEGOTIATIONS: THE US BELIEVES THAT LATIN AMERICA, AT ITS RELATIVELY ADVANCED STAGE OF DEVELOPMENT, HAS A VERY IMPORTANT STAKE IN THE MAINTENANCE OF THE WORLD TRADE SYSTEM AND IN THE SUCCESS OF THE MTN. THESUS IS COMMITTED TO SEEKING ACCELERATION OF PROGRESS IN THE MTN. CONCERNING THE SUGGESTION IN THE SECRETARIEAT DOCUMENT (1024), THE US MIGHT BE ABLE TO ACCEPT "ADVANCE RECIPROCITY" IN SOME INSTANCES IN WHICH LATIN AMERICAN COUNTRIES HAVE UNILATERALLY REDUCED TRADE BARRIERS.

COUNTERVAILING DUTES AND SUBSIDIES: THE US LAW, ALTHOUGH IT ALLOWS VERY LIMITED FLEXIBILITY ON THE PART OF THE ADMINISTRATION, HAS IN FACT BEEN INVOKED ONLY SPARINGLY. WE BELIEVE THERE IS AN URGENT NEED FOR INTERNATIONAL AGREEMENT ON SUBSIDIES AND UNCLASSIFIED

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COUNTERVAILING DUTIES AND THAT SUCH AN AGREEMENT WOULD BE VERY MUCH IN THE INTERESTS OF LATIN AMERICA. AS IN THE CASE OF OTHER ELEMENTS OF THE MTN, THE US FAVORS SPECIAL AND DIFFERENTIATED TREATMENT FOR DEVELOPING COUNTRIES.

GENERALIZED SYSTEM OF PREFERENCES: IN THE FIRST YEAR OF EXPERIENCE WITH THE US PREFERENCES SYSTEM, DUTY-FREE IMPORTS OF GSP PRODUCTS WERE 65 PERCENT HIGHER (\$4.3 BILLION) THAN IMPORTS OF THE SAME PRODUCTS IN 1975. THE SYSTEM IS CURRENTLY UNDER REVIEW. THE DELEGATION INVITED THE COMMENTS OF THE LATIN AMERICAN BENEFICIARY COUNTRIES ON THEIR EXPERIENCE WITH THE SYSTEM IN ITS FIRST YEAR AS A CONTRIBUTION TO THE REVIEW PROCESS.

FINANCIAL AND MONETARY MATTERS: PRESIDENT CARTER HAS ASKED CONGRESS FOR \$7.5 BILION FOR BILATERAL AND MULTILATERAL FOREIGN ASSISTANCE IN FISCAL YEAR 1978, HAS SUPPORTED FULFILLING US PLEDGES TO THE INTERNATIONAL BANKS INCLUDING THE INTER-AMERICAN DEVELOPMENT BANK, AND HAS PROPOSED A 30 PERCENT INCREASE IN THE US CONTRIBUTION TO THE UNDP. ON THESOTHER HAND, THE US CONTINUES TO OPPOSE LINKING THE CREATION OF SPECIAL DRAWING RIGHTS TO FOREIGN ASSISTANCE; THE TWO SERVE DIFFERENT PURPOSES. AND DECISIONS ON THEM MUST BE MADE ON DIFFERENCT BASES. THE DELEGATION AGREED THAT DEBT WAS AN IMPORTANT PROBLEM, BUT BELIEVED IT MUST BE CONSIDERED IN A BROADER CONTEXT OF THE NEED FOR FINANCIAL RESOURCES. THE DELGATION ACCEPTED THE GOAL OF FULLER PARTICIAPTION FOR DEVELOPING COUNTRIES IN INTERNATIONAL

ECONOMIC DECISIONS, BUT IT POINTED OUT THAT IN FACT DEVELOPING COUNTRIES HAVE EVEN NOW OVER 30 PERCENT OF THE VOTING POWER IN THE IMF AND 9 OF THE 20 SEATS ON THE IMF'S INTERIM COMMITTEE AND EXECUTIVE BOARD.

SCIENCE AND TECHNOLOGY COOPERATION: THE US RECOGNIZES THE IMPORTANCE OF SCIENCE AND TECHNOLOGY TO LATIN AMERICAN DEVELOPMENT. THE POSSIBLE ROLE OF THE US GOVERNMENT IS QUITE LIMITED BECAUSE MOST US TECHNOLOGY, ESPECIALLY INDUSTRIAL TECHNOLOGY, IS OWNED BY THE PRIVATE SECTOR. THE US HAS,
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NEVERTHELESS, MADE CERTAIN MODEST PROPOSALS FOR EXPANDING COOPERATION IN THIS FIELD, AND IS PARTICIPATING ACTIVELY IN THE CURRENT OAS WORK ON THIS SUBJECT.

MARITIME TRANSPORT: WITH REGARD TO A CODE OF CONDUCT FOR LINER CONFERENCES, THE US IS READY TO PARTICIPATE IN FUTURE DISCUSSIONS WITH A VIEW TO OVERCOMING SOME OF THE SHORTCOMINGS OF THE PROPOSED CODE AS PRESENTLY DRAFTED.
END TEXT.
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